

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS**
November 30, 2022

A handwritten signature in black ink, appearing to read "E. Schied", is centered on a light gray rectangular background.

EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
NOVEMBER 30, 2022**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$133.1 million. The balance decreased by \$14.2 million for the month primarily due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2023, at which time the Fund will collect the 2023 operating fees from its credit union members.

Amount due from National Credit Union Share Insurance Fund of \$18.5 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$216.3 thousand. Its balance increased by \$98.4 thousand from the prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$2.9 million for the month primarily due to vendor/trade and overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Statements of Revenues, Expenses, and Changes in Fund Balance

Expenses in excess of revenues totaled \$1.5 million for the month. Operating fee revenue reflects one-twelfth of the 2022 Operating Fees. Expenses, net are after the overhead transfer rate adjustment that allocates a portion of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$14.2 million from prior month. In the current month, \$14.1 million was used in operating activities, \$38.5 thousand was used in investing activities, and there were no financing activities.

Other Information

The Agency had 50 vacancies as of month-end, which represents 4.2 percent of the total authorized staff of 1,201. Of the 50 vacancies, there were 0 vacancies in the central office and 50 vacancies under the authorized positions in the regions and Asset Management and Assistance Center (AMAC).

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**BALANCE SHEETS
As of November 30, 2022 and 2021
(Dollars in thousands)**

	<u>November 2022</u>	<u>November 2021</u>
ASSETS		
Cash and cash equivalents	\$133,137	\$140,512
Due from National Credit Union Share Insurance Fund	19	97
Employee advances	-	15
Other accounts receivable, net	216	208
Prepaid expenses and other assets	5,772	5,755
Operating lease right-of-use assets ⁴	410	-
Fixed assets ¹	33,524	27,084
Intangible assets ²	26,538	31,102
TOTAL ASSETS	<u>\$199,616</u>	<u>\$204,773</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$21,663	\$13,308
Finance lease liabilities	103	31
Operating lease liabilities ⁴	432	-
Accrued wages and benefits	7,135	8,798
Accrued FECA and unemployment benefits	392	403
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue ³	9,132	10,354
Accrued annual leave	23,451	25,144
TOTAL LIABILITIES	<u>65,591</u>	<u>62,037</u>
FUND BALANCE	<u>134,025</u>	<u>142,736</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$199,616</u>	<u>\$204,773</u>

¹ Net of accumulated depreciation of \$40,256 and \$41,376 as of November 30, 2022 and 2021, respectively.

² Net of accumulated amortization of \$29,914 and \$29,303 as of November 30, 2022 and 2021, respectively.

³ The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

⁴ The implementation of ASC 842, as of January 1, 2022, resulted in a balance sheet recognition of right-of-use assets in the amount of \$715 thousand and operating lease liabilities of \$744 thousand. The finance lease right-of-use asset is included within the Fixed assets line item in the amount of \$20 thousand.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the periods ended November 30, 2022 and 2021
(Dollars in thousands)

	November 2022	Year-to-Date November 2022	Year-to-Date November 2021
REVENUES			
Operating fees	\$9,132	\$100,450	\$113,898
Interest	411	1,978	52
Other	23	380	428
Total Revenues	<u>9,566</u>	<u>102,808</u>	<u>114,378</u>
EXPENSES, NET ¹			
Employee wages and benefits	7,449	82,017	82,694
Travel	348	1,732	251
Rent, communications, and utilities	137	1,644	2,157
Contracted services	2,720	22,316	17,690
Depreciation and amortization	290	3,336	3,293
Administrative	84	1,307	1,851
Total Expenses, Net	<u>11,028</u>	<u>112,352</u>	<u>107,936</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(1,462)	(9,544)	6,442
FUND BALANCE—Beginning of period	<u>135,487</u>	<u>143,569</u>	<u>136,294</u>
FUND BALANCE—End of period	<u><u>\$134,025</u></u>	<u><u>\$134,025</u></u>	<u><u>\$142,736</u></u>

¹ Operating Fund expenses are the total NCUA operating expenses reduced by the Share Insurance Fund allocation as determined by the overhead transfer rate.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF CASH FLOWS
For the periods ended November 30, 2022 and 2021
(Dollars in thousands)**

	November 2022	Year-to-Date November 2022	Year-to-Date November 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ (1,462)	\$ (9,544)	\$ 6,442
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	765	8,793	8,682
Noncash operating lease expense ¹	-	304	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	1	4,899	3,165
Employee advances	-	5	1
Other accounts receivable, net	(98)	83	107
Prepaid expenses and other assets	(292)	(1,881)	(1,720)
(Decrease) increase in liabilities			
Accounts payable	(2,931)	4,394	5,218
Operating lease liabilities ¹	-	(312)	-
Accrued wages and benefits	(967)	(5,209)	(1,792)
Accrued FECA and unemployment benefits	-	217	249
Accrued actuarial FECA benefits	-	(716)	(382)
Deferred revenue	(9,132)	9,132	10,354
Accrued annual leave	-	1,302	2,805
Accrued employee travel	-	(93)	(82)
Net Cash Provided by/(Used in) Operating Activities	(14,116)	11,374	33,047
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(39)	(7,831)	(3,864)
Net Cash Provided by/(Used in) Investing Activities	(39)	(7,831)	(3,864)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	-	(21)	(58)
Net Cash Provided by/(Used in) Financing Activities	-	(21)	(58)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(14,155)	3,522	29,125
CASH AND CASH EQUIVALENTS—Beginning of period	147,292	129,615	111,387
CASH AND CASH EQUIVALENTS—End of period	133,137	133,137	140,512
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ 715	\$ -
Retirement of fully depreciated assets	\$ -	\$ 8,559	\$ 779
Acquisition of equipment under finance lease	\$ -	\$ (99)	\$ -

¹ The implementation of ASC 842, as of January 1, 2022, resulted in quarterly amortization adjustments reflected in the statement of cash flows for operating lease right-of-use assets and related liabilities.

The balances in the statement above are preliminary and unaudited.